

Lowell Public Schools

Budget Update

February 3, 2021





Agenda

- FY21 (Current Year) Projection of Budget Busters
- FY21 (Current Year) Prioritized Needs and Opportunities
- State Budget Cycle
- Preliminary Revenue for FY22 (Next Year)
- Reminder of FY22 Baseline Budget
- Suggested Budget Calendar for FY22 (Next Year)



FY21 Projections of Budget Busters

Budget was built on forecasts and assumptions of spending. Due to the pandemic, actual spending was far less than expected. Even though we suspected this could happen, we still had to budget conservatively



- Due to the hiring freeze and at least 60 unfilled positions, the projected surplus with salaries is between \$4 and \$7 million. If we had filled all vacancies in January, the projection would be a \$4 million savings. Since we have not begun this process, the savings will be significantly higher.
- Long Term Subs is projected to have a \$300k savings
- Day to Day Subs is projected to have a \$1 million savings
- The transportation projected savings has doubled since the last projection since we did not return to school in January as the projection had assumed. Thus, the savings in transportation is estimated to be approximately \$4.8 million.

Limitations of Use of Remaining FY21 Budget

- We cannot carry the funds forward to next fiscal year
- We can't prepay for salaries or services for next year; prepayments can only be for supplies/texts
- Window of time to make decisions – We can't make decisions too soon due to needed accurate forecasting but still need to make decisions quick enough to act.
- There are limitations to how funds can be used for facility improvements while remaining compliant with net school spending eligibility. We are researching this to understand better what our limitations are. Below is an excerpt of how facility costs actually fall under a NSS non-eligible cost category.

Acquisition, Improvement and Replacement of Fixed Assets

Acquisition of land or existing buildings, **improvements of grounds**, construction of buildings, additions to buildings, **remodeling of buildings**, or acquisition of initial or additional *non instructional* equipment exceeding the \$5,000 unit cost and \$100,000 extraordinary maintenance cost as defined in 603 CMR 10.00. Costs corresponding to revenue received as a lump sum or progress payment revenue receipt from MSBA whether or not outstanding BANs exist. Costs directly related to a school construction project supported through local appropriation.

FY21 Prioritized Needs and Opportunities



Plan to bring a full budget analysis to SC on 2/17 meeting following a full cost analysis of needs and investigation of allowable uses of funds within these priorities

Reopening \$3.5 million

- Supplemental Staff
- Expanded Learning Time
- COVID pool testing
- Technology
- Professional Development

FY22 Offsets \$1.8 million

- Districtwide curriculum/supplies
- School-based materials/supplies
- Replenish revolving accounts
- Special Education/OOD prepayments
- Grant Offsets delayed (carry forward grant funds)

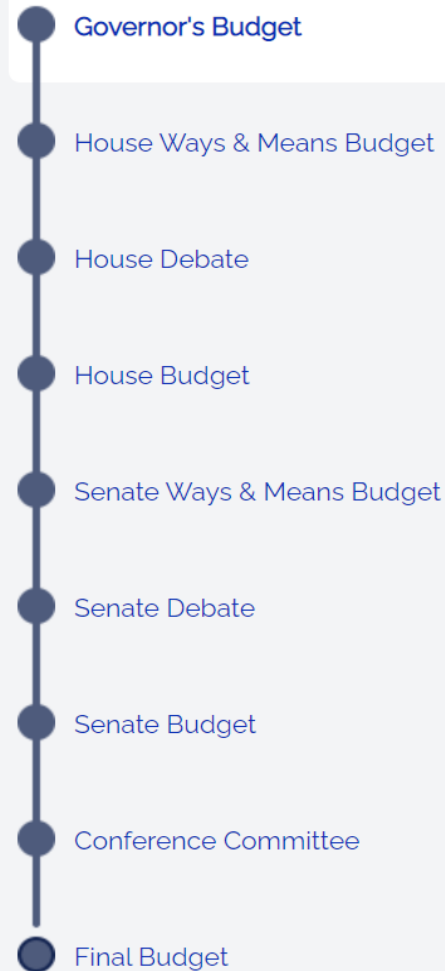
Digital Learning \$2 million

- Student device replacement
- Staff device replacement
- Classroom Equipment

Facilities Improvement \$3 million

- Safety
- Welcoming Environment
- Educational Upgrades

Unpaid obligations for FY21 due to Pandemic \$200,000



FY22 BUDGET PROCESS

About this step

The annual budget process begins each year when the Governor files recommendations as a bill with the House of Representatives. Under the state Constitution, the Governor must submit a proposal by the 4th Wednesday of January or, in the event of a new term, within five weeks later. This bill is called House 1 or "House 2" depending on the year.

FY22 Chapter 70 Summary

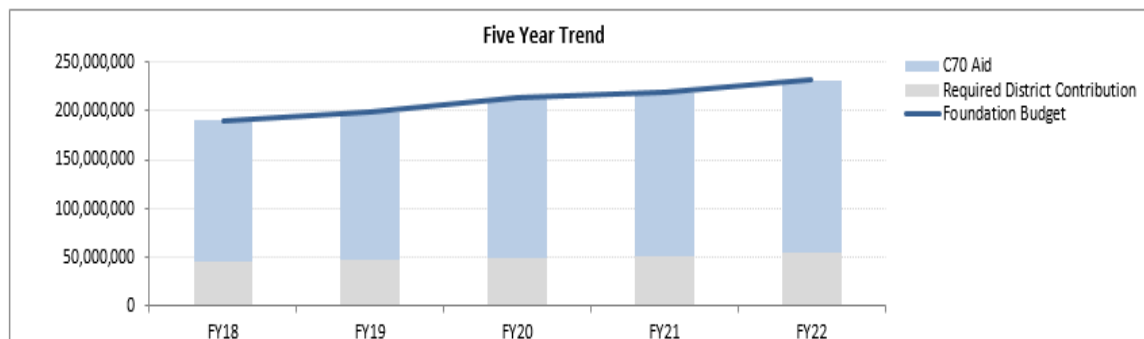
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Aid Calculation FY22

| | |
|--|-------------|
| Prior Year Aid | |
| 1 Chapter 70 FY21 | 166,954,483 |
| Foundation Aid | |
| 2 Foundation budget FY22 | 231,415,707 |
| 3 Required district contribution FY22 | 54,090,653 |
| 4 Foundation aid (2 - 3) | 177,325,054 |
| 5 Increase over FY21 (4 - 1) | 10,370,571 |
| Minimum Aid | |
| 6 Minimum \$30 per pupil increase | 0 |
| 7 Minimum aid amount (if line 6 - line 5 > 0, then line 6 - line 5, otherwise 0) | 0 |
| Subtotal | |
| 8 Sum of 1,5,7 | 177,325,054 |
| Minimum Aid Adjustment | |
| 9 Minimum aid adjustment | 167,435,893 |
| 10 Aid adjustment increment (if line 9 - line 8 > 0, then line 9 - line 8, otherwise 0) | 0 |

Comparison to FY21

| | FY21 | FY22 | Change | Pct Chg |
|------------------------------------|-------------|-------------|------------|---------|
| Enrollment | 16,352 | 16,047 | -305 | -1.87% |
| Foundation budget | 218,744,160 | 231,415,707 | 12,671,547 | 5.79% |
| Required district contribution | 51,808,768 | 54,090,653 | 2,281,885 | 4.40% |
| Chapter 70 aid | 166,954,483 | 177,325,054 | 10,370,571 | 6.21% |
| Required net school spending (NSS) | 218,763,251 | 231,415,707 | 12,652,456 | 5.78% |
| Target aid share | 73.90% | 74.08% | | |
| C70 % of foundation | 76.32% | 76.63% | | |
| Required NSS % of foundation | 100.01% | 100.00% | | |



This table shows estimates of the amount school districts will receive from the \$54.3 billion elementary and school emergency relief fund (HR 133). Each state must allocate no less than 90% to districts. The final allocation is due by September 2022. These numbers are based on the USED's preliminary FY20 Title I allocations that DOES NOT take out 1% for state admin nor 7% for SIG. The district's relative share of the fund is based on charter schools or non-traditional LEAs, so the "LEA est. ESSER" amount will likely be different from the table. Remember the saying: "all models are wrong. Some are useful." (Updated 1/2022)

State: MASSACHUSETTS

District Search: Lowell

ESSER2 - Initial: \$17,872,494

DESE - Mental Health Supplement: \$10,000

ESSER2-FINAL: \$17,882,494

| Column Avg | LEA Est. ESSER | Estimate per-pupil amount |
|------------|----------------|---------------------------|
| 17,300 | 20,755,258 | \$1,200 |
| 17,300 | 20,755,258 | \$1,200 |

CATEGORICAL GRANT (e.g., Title I) – WE HAVE TO FOLLOW THE RULES ON SPENDING



FY21/22 BUDGET SUMMARY

| | FY20/21 Modified | FY21/22 Preliminary | Actual Change | |
|--|------------------|---------------------|---------------|---|
| Chapter 70 State Aid: | \$166,954,483 | \$177,325,054 | \$10,370,571 | CHAP 70 POTENTIAL Increase |
| Total State Aid | \$166,954,483 | \$177,325,054 | \$10,370,571 | |
| Total City Cash (Tax Levy) | | | | |
| Total Local Aid | \$15,736,053 | \$15,736,053 | \$0 | ASSUMED |
| Revenue - FY20/21 State & Local Aid | \$182,690,536 | \$193,061,107 | \$10,370,571 | \$ 25,843,717.00 Last year's offsets and grants |
| Grants/Allowed Offsets | \$25,843,717 | \$35,784,349 | \$9,940,632 | \$ (7,931,862.00) ESSER & CvRF total |
| Total Revenue/Funding Sources | \$208,534,253 | \$228,845,456 | \$20,311,203 | \$ 17,872,494.00 Estimated ESSER 2 amount |
| Expense - FY20/21 Local Budget: | \$182,690,536 | \$193,061,107 | \$10,370,571 | |
| Expense - Grant & Revolving Fund | \$25,843,717 | \$35,784,349 | \$9,940,632 | |
| Expense - FY 20/21 Local, Grants and Revolving Funds | \$208,534,253 | \$228,845,456 | \$20,311,203 | |

Fixed Costs Increase Based on FY21 Baseline (replenishing accounts)

- **Add back \$4.1 million to health insurance line since we had moved the costs to the COVID grant lines**
- **Add back approximately \$250k to technology costs such as subscriptions/licenses since we had prepaid these last year and reduced the FY20/21 budget accordingly**
- **Add back \$500,000 to system wide supplies and curriculum**
- **Move \$1.5 million of out of district budgeted costs from the offset column back to the general fund column**
- **Fund the contractual step increases \$2.5 million**
- **Health Insurance Increase (not known yet)**
- **Contractual increases (eg. Transportation and out of district schools)**

The \$10 million Ch 70 increase may be enough to cover these baseline increases

| | | | | | | | | |
|---------|------------------------|---|--|--|--|--|--|--|
| Finance | January 20th | | SC: Update on Budget Process | | | | | |
| Finance | January 20th | | Principals: Update on Budget Process | | | | | |
| Finance | February 3rd | | SC: Update on SBB Pool, Weights, FSF Update for FY21/22, Governor's initial budget | | | | | |
| Finance | February 3rd | | SC: Update on FY20/21 Budget with suggested adjustment priority areas | | | | | |
| Finance | February 8th | | Principals: send current year FSF workbooks to reacquaint with the format | | | | | |
| Finance | February 17th | | SC: Update on Baseline rules, guardrails, sample workbooks:Budget Adj proposal | | | | | |
| Finance | March 3rd | | SC: Update on Summary of Impact to Schools & transition policies | | | | | |
| Finance | March 5th | | Principals: send their funding summary and workbooks to them | | | | | |
| Finance | March 8th-March 19th | | Principals: Budget drop ins with CFO | | | | | |
| Finance | March 20th - April 2nd | | Principals: Budget Defense | | | | | |
| Finance | April 7th | | SC: Budget update for current year and FY21/22 | | | | | |
| Finance | April 21st | | SC: Budget update for current year and FY21/22 | | | | | |
| Finance | April 7th | ? | SC: Finance Subcommittee/both current and next year budgets | | | | | |
| Finance | April 21st | ? | SC: Finance Subcommittee/both current and next year budgets | | | | | |
| Finance | May 5th | ? | SC: Budget FY21/22 Budget Presentation | | | | | |
| Finance | May 10th (Monday) | ? | SC: Budget Public Hearing | | | | | |
| Finance | May TBD if needed | ? | SC: Budget Public Hearing | | | | | |
| Finance | May 19th | ? | SC: Budget Adoption | | | | | |